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April 19, 2005

Bull Hawks, Under Secretary
Marketing and Regulatory Programs
U.S. Department of Agriculture
1400 Independence Ave.,
SW, Room 228-W
Washington, D.C. 20250

Dear Mr. Secretary:

I wish to call to your attention a procedure that may be helpful for the Animal and Plant Health Inspection Service in the implementation of the National Animal Identification Program.

The subject that I have in mind are cow/calf loans. It seems to me that current cow/calf loans do not protect the grower and lending institutions as to monitoring for diseases such as foot and mouth, and mad cow disease. As a licensed veterinarian, I feel such an arrangement puts both the client and bank at risk. The monitoring that I have in mind would be an electronic system plugged into a data collection reporting system.

In this regard, the Federal Reserve Bank of Kansas City in the January Summary reported on 1-06-04. "While most districts reported steady conditions in the farm economy, the appearance of mad cow disease created substantial uncertainty in the cattle industry... The emergence of a case of mad cow disease in Washington state resulted in a great deal of uncertainty for cattle ranchers. Contacts in several districts noted substantial declines in cattle prices due to foreign bans on U.S. beef exports. The uncertainty was causing ranchers in the Kansas City and Dallas districts to take a wait-and-see approach toward her adjustments."

Transcripts from the Hearing Sessions held by you and your staff by the Department of Agriculture on public feed back about the establishment of a national animal I.D. program buttressed the case for electronic monitoring. "On electronic identification, cattle returns are quite attractive... and it may be because the market stockers and feeders are looking at trying to protect themselves and have something in place so they are compliant and they can move their cattle to feed." Another Hearing Session comment of note was: "It's already been pointed out that a premium of up to \$ 3 a hundred on fat cattle RFID (radio frequency identification) technology, and up to \$ 15 a calf for RFID technology."

With the discovery of a mad cow in Washington state, Japan has shut off beef imports from the U.S. This loss of U.S. beef has cost the U.S. 1.4 billion in 2003. On January 28, 2005, the Agriculture Weekly of the Capital Press wrote. "The Asahi Shimbun news

service reported that Japan wants to know how U.S. exporters will prove the age of cattle, since there's no U.S. system of tracking animals from birth to slaughter.

This would suggest that lending agencies that fail to require their clients not be enrolled in a system of tracking animals from birth to slaughter are failing their responsibility of protecting the bank from its clients losses. Could it also be said that such banks do a disservice to their clients by not protecting the clients from the visages of the market place as well as short changing the national interest in such matters as the export of beef? Japan and like countries want the U.S. to have in place a tracking system for animals from birth to slaughter. Banks can help in this process.

Failure of lending institutions to do their part does not help your department in the implementation of the national animal I.D. program. To put it another way, how many banks will give a loan on a house that is not insured. The same principle should apply to loans for livestock. Are such animals being enrolled in a tracking program from birth to slaughter?

I understand that the United States Farm Service Agency will guarantee, correct me on this, loans by banks made under the Certified Lender Program (FSA). If this is so couldn't the United States Farm Service also require that NOW cow/calf loans be enrolled in an electronic monitoring program?

I have passed on this idea as I feel you folks know better than I as to who should be contacted to help protect the grower, banks, meat packers, restaurants, and the public from animal diseases such as Mad Cow Disease. With this thought in mind and I am making sending copies of this letter to the following below named entities.

In closing may I say I met both you and Dr. Valerie Ragan, Assistant Deputy Administrator Veterinary Service, at the Hearing Session held in Lodi, California in July 2004.

Yours truly



Wendell G. Peart, DVM

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Copies: John Tyson, CEO, Tyson Foods
Ralph Alvarez, President, McDonald's Corp.
Interested persons